

## Message Text

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PAGE 01 MTN GE 05647 151824Z

73

ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

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ACTION STR

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TAGS: ETRD; MTN

SUBJ: NTM SUBGROUP OF QRS AND IMPORT LICENSING PROCEDURES

1. SUMMARY: NTM SUBGROUP ON QR'S AND IMPORT LICENSING  
PROCEDURES MET JULY 12-13. DISCUSSION OF REPORTS ON  
BILATERAL CONSULTATIONS LIMITED ALMOST ENTIRELY TO  
FACTURAL ACCURACY OF NOTES AND GENERAL CONCERN WAS  
EXPRESSED ON RELUCTANCE OF MANY COUNTRIES TO SPEED UP  
THE PACE OF CONSULTATIONS. MEETING HIGHLIGHTED BY USDEL  
STATEMENT THAT US EXPECTED TO OFFER SPECIFIC SUGGESTIONS  
AT NEXT MEETING ON NEGOTIATING PROCEDURES ENCOMPASSING  
BOTH MULTILATERAL AND BILATERAL ELEMENTS TO MOVE QR WORK  
FORWARD. SHARP DIFFERENCES BETWEEN US AND EC ON PRO-  
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PAGE 02 MTN GE 05647 151824Z

CEDURES FOR AGRICULTURAL PRODUCTS AROSE DURING DISCUSSION

OF NTM DATA BASE, DARKENING PROSPECT FOR SERIOUS COMPREHENSIVE NEGOTIATIONS IN SUBGROUP UNTIL MORE GENERAL AGRICULTURAL PROBLEM RESOLVED. DISCUSSION OF TEXT ON IMPORT LICENSING PROCEDURES BRIEF BUT SUBSTANTIVE. END SUMMARY.

2. STATUS OF CONSULTATIONS: MEETING OPENED WITH FACTUAL REVIEW OF REPORTS ISSUED ON BILATERAL CONSULTATIONS AIDED BY SECRETARIAT NOTE (MTN/NTM/W/54) ON THE STATUS OF CONSULTATIONS ON QR'S. CHAIR NOTED THAT ONLY THE REPORTING COUNTRY BORE RESPONSIBILITY FOR THE CONTENT OF THE NOTES AND THAT REPORTS FROM INDIA, TURKEY AND NEW ZEALAND WOULD BE AVAILABLE SOON TO SUPPLEMENT SECRETARIAT SUMMARY. EC ALSO ISSUED WRITTEN SUMMARY NOTES IMMEDIATELY PRIOR TO MEETING. COUNTRIES COMMENTED ON ACCURACY OF SUMMARY NOTES AND UPDATED INFORMATION ON THEIR BILATERAL CONSULTATIONS.

3. POSSIBLE SOLUTIONS: U.S. DEL (NEWKIRK) EXPRESSED DISAPPOINTMENT WITH CURRENT STATUS OF QR CONSULTATIONS NOTING THAT NO REAL PROGRESS IN THE CONSULTATION PROCESS HAS BEEN MADE SINCE LAST SUBGROUP MEETING. HE STATED THAT WHILE CONSULTATION PROCESS IS USEFUL INFORMATION GATHERING EXERCISE THAT SHOULD BE CONTINUED, US NOW BELIEVES THAT NEGOTIATING PROCEDURES ON QR'S MUST BE ESTABLISHED TO COMPLETE THE NEGOTIATIONS WITHIN MTN TIME FRAME. HE WENT ON TO SAY THAT US IS CURRENTLY FORMULATING SUGGESTIONS FOR SUCH NEGOTIATING PROCEDURES AND THAT US EXPECTS TO OUTLINE THESE SUGGESTIONS IN MORE SPECIFIC TERMS AT NEXT SUBGROUP MEETING.

4. US THEN OUTLINED VARIOUS ELEMENTS OF PROPOSALS AND STATEMENTS THAT U.S. FEELS SHOULD BE CONSIDERED IN THE ESTABLISHMENT OF NEGOTIATING PROCEDURES ON QR'S. HE STRESSED THAT SUCH PROCEDURES WOULD PROBABLY INCLUDE MULTILATERAL ELEMENTS DESIGNED TO REVIEW PRESENT STATUS OF EXISTING RESTRICTIONS AND RELATE WORK ON QR'S TO THAT ON SAFEGUARDS AND OTHER MTN AREAS THAT AFFECT OR ARE AFFECTED BY QR'S. IT SHOULD ALSO INCLUDE BILATERAL ELEMENTS DESIGNED TO CREATE A FORUM WHERE NEGOTIATIONS CAN PROCEED LIMITED OFFICIAL USE

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PAGE 03 MTN GE 05647 151824Z

ON QR'S OF EXPORT INTEREST TO SUBGROUP PARTICIPANTS. (FOR COMPLETE TEXT OF GENERAL STATEMENT SEE TPSC 76-32 PP. 7-12). EC (ABBOTT) STRONGLY SUPPORTED US GENERAL STATEMENT THAT NEGOTIATING PROCEDURES ON QR'S SHOULD INCLUDE BOTH MULTILATERAL AND BILATERAL ELEMENTS STRESSING NEED FOR DIFFERENT ELEMENTS TO DEAL WITH DIVERGENT QR PROBLEMS. EC AND JAPAN ALSO EXPRESSED APPROVAL OF WIDE CONCEPTUAL APPROACH ENCOMPASSED BY US GENERAL STATEMENT THAT

RELATES WORK ON QR'S TO THAT IN OTHER AREAS SUCH AS SAFE-GUARDS AND BALANCE OF PAYMENTS. CANADA ADDED THAT IN CONTRAST TO US VIEW NEGOTIATING PROCEDURES FOR QR SUBGROUP SHOULD NOT INCLUDE EXPORT RESTRICTIONS.

5. DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES:

BRAZIL, MEXICO, INDIA, NIGERIA REITERATED THE NECESSITY FOR DIFFERENTIAL TREATMENT IN FAVOR OF DEVELOPING COUNTRIES AND STRESSED VIEW THAT SUBGROUP SHOULD DEVELOP A GENERAL SOLUTION ON QR'S AFFECTING THE EXPORTS OF DEVELOPING COUNTRIES ALONG LINES PROPOSED BY MEXICO IN MTN/NTM/W/29, BRAZIL IN COM.TD/W/188 AND INDIA IN COM.TD/W/198. IN THIS CONNECTION, BRAZIL STATED THAT CERTAIN GUIDELINES, LIKE TARIFF FORMULAS, WERE NEEDED BEFORE NEGOTIATIONS ON QR'S COULD BEGIN. US OFFERED QUALIFIED SUPPORT FOR FIRST THREE POINTS OF MEXICAN PROPOSAL AND STATED THAT REMAINDER OF MEXICAN PROPOSAL OUTLINING NEGOTIATING PROCEDURES SHOULD BE TAKEN IN TO ACCOUNT WHEN THE SUBGROUP TAKES UP DISCUSSION OF SPECIFIC NEGOTIATING PROCEDURES. EC EXPRESSED DIFFICULTY IN COMMENTING ON PROCEDURES FOR SPECIAL AND DIFFERENTIAL TREATMENT BEFORE QR NEGOTIATING PROCEDURES HAVE BEEN ESTABLISHED.

6. PRODUCT COVERAGE: DISCUSSION OF PRODUCT COVERAGE AGAIN FOCUSED ON QUESTIONS OF AGRICULTURE AND TEXTILES. INDIA AND EGYPT CRITICIZED COUNTRIES THAT ARE UNWILLING TO DISCUSS QR'S ON THESE PRODUCTS. US, EC, AND JAPAN EXPRESSED PREFERENCE FOR QUESTIONS ON TEXTILES TO BE TAKEN UP IN MFA TO AVOID DUPLICATION OF WORK. HOWEVER, US REITERATED POSITION THAT SUBGROUP AUTHORITY COVERED ALL PRODUCTS, BOTH AGRICULTURAL AND INDUSTRIAL.

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PAGE 04 MTN GE 05647 151824Z

7. DATA BASE: SUBGROUP DISCUSSED QUESTION OF UPDATING NTM DATA BASE ON BASIS OF NOTIFICATIONS BY EXPORTING COUNTRIES CONCERNING QR'S MAINTAINED BY OTHER COUNTRIES. EC STATED IT COULD ACCEPT SUCH AN EXERCISE PROVIDED THAT BTN CHAPTERS 1-24 ARE EXCLUDED, AND VOICED REGRET THAT THIS PROPOSAL HAD NOT BEEN FORWARDED TO GROUP AGRICULTURE. US EXPRESSED STRONG SUPPORT FOR INVENTORY UPDATE, BUT STRESSED VIEW THAT SUCH A PROCEDURE MUST INCLUDE BTN CHAPTERS 1-99, ALL OF WHICH ARE UNDER SUBGROUP MANDATE. AFTER SOMEWHAT ANIMATED EXCHANGE OF VIEWS BETWEEN US AND EC ON AGRICULTURAL QUESTION, SUBGROUP WAS FORCED TO PUT ASIDE PROPOSAL FOR DATA BASE UPDATE AND AGREED THAT ANY UPDATE WOULD BE GOVERNED BY CURRENT NOTIFICATION PROCEDURES ALREADY ESTABLISHED UNDER MTN/3B AND MTN/3E.

8. IMPORT LICENSING PROCEDURES: DISCUSSION OF IMPORT LICENSING FOCUSED ON CANADA'S SUGGESTED CHANGES TO CTIP DRAFT TEXT ON AUTOMATIC IMPORT LICENSING. US REITERATED VIEW THAT, IN GENERAL, ALL AUTOMATING LICENSING SYSTEMS SHOULD BE ELIMINATED. US AGAIN INDICATED INTEREST IN CANADIAN PROPOSAL, THOUGH US DEL NOTED THAT AUTOMATIC LICENSING CLOSELY LINKED TO SAFEGUARDS AND SHOULD THEREFORE BE DISCUSSED IN SAFEGUARDS GROUP. US THEN MADE SPECIFIC COMMENTS ON CANADA'S SUGGESTED CHANGES TO DRAFT TEXTS ON AUTOMATIC IMPORT LICENSING AND LICENSING TO ADMINISTER IMPORT RESTRICTIONS AS OUTLINED IN TPSC 76-33. CANADIANS RESPONDED THAT AUTOMATIC LICENSING WOULD BE JUSTIFIED FOR SURVEILLANCE PURPOSES FOR THREAT OF INJURY BEYOND SAFEGUARD PROVISIONS EXPRESSED IN ARTICLE XIX. EC CONSIDERED CANADIAN PROPOSAL ON AUTOMATIC LICENSING GOOD EFFORT TO FIND MIDDLE GROUND BETWEEN EXISTING ALTERNATIVE TEXTS. SUBGROUP AGREED TO RETURN TO DISCUSSION OF DRAFT TEXTS AT ITS NEXT MEETING.

COMMENT: DUE TO NUMBER OF TEXTUAL PROPOSALS NOW ON TABLE AND DISCUSSIONS TO DATE, US DEL BELIEVES WE HAVE REACHED STAGE WHERE DRAFTING GROUP NECESSARY TO MOVE AHEAD ON LICENSING TEXTS. END COMMENT.

9. NEXT MEETING: SUBGROUP AGREED TO DEFER QUESTION OF NEXT MEETING DATE TO JULY 20 NTM PARENT GROUP MEETING. LIMITED OFFICIAL USE

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